

EXECUTION COPY

SOUTH CAROLINA ELECTRIC & GAS COMPANY

As of May 30, 2008

TO: THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

Ladies and Gentlemen:

South Carolina Generating Company, Inc. ("**GENCO**"), a South Carolina corporation and an affiliate of the undersigned, South Carolina Electric & Gas Company, a South Carolina corporation (the "**Company**"), has or is about to enter into a Note Agreement (the "**Note Agreement**"), dated as of May 30, 2008, under which you (the "**Purchaser**") will purchase (a) \$80,000,000 principal amount of GENCO's 6.06% Series 2008-A Senior Secured Notes due June 1, 2018 (the "**2008-A Notes**") and (b) \$80,000,000 principal amount of GENCO's 6.06% Series 2008-B Senior Secured Notes due June 1, 2018 (the "**2008-B Notes**") and together with the 2008-A Notes being, collectively, the "**Notes**"). The proceeds of the sale of the Notes will be used to purchase and install pollution control equipment for the Williams Station and for general corporate purposes, including, without limitation, to repay capital contributions and advances owed by GENCO to SCANA and the Utility Money Pool. Pursuant to the Unit Power Sales Agreement dated December 18, 1984 by and between the Company and GENCO, the Company purchases all of the capacity and energy of such facility for transmission to its customers. Therefore, it is in the direct interest and to the direct advantage of the Company that GENCO purchase and install such pollution control equipment and repay such capital contributions and advances by selling the Notes to the Purchaser and that the Company execute such documents that the Purchaser may request in connection therewith. One of the conditions precedent to the Purchaser's willingness to purchase the Notes is that the Company shall have executed and delivered this inducement letter agreement (this "**Agreement**") to the Purchaser.

For value received, to satisfy one of the conditions precedent to the purchase of the Notes, to induce the Purchaser to purchase the Notes, to induce any Transferee to accept the transfer of all or any part of any Note, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company hereby agrees as follows:

1. **DEFINITIONS.** Capitalized terms that are used herein and are not defined herein shall have the meanings ascribed to them in the Note Agreement.

2. **COVENANTS.**

2A. **Financial Statements.** The Company covenants that it will deliver to each Significant Holder:

(i) as soon as practicable and in any event within 60 days after the end of each quarterly period (other than the last quarterly period) in each fiscal year, condensed consolidated statements of income and cash flows of the Company and its Subsidiaries for the period from the beginning of the current fiscal year to the end of such quarterly period, and a condensed consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarterly period, setting forth in the case of the statements of income in comparative form figures for the corresponding period in the preceding fiscal year, all in reasonable detail and satisfactory in form to the Required Holder(s) and certified by an authorized financial officer of the Company, subject to changes resulting from year-end adjustments; provided, that the Company shall be deemed to have made such delivery of the financial statements described above if it shall have timely posted such financial statements on its home page on the worldwide web and shall have given each Significant Holder prior notice (such notice to include the address of its home page and any user identification information or passwords necessary to access such financial statements) of such availability on its home page (such availability and notice thereof being referred to as "*Electronic Delivery*") or delivered such financial statements to each Significant Holder in a manner that has been approved by such Significant Holder;

(ii) as soon as practicable and in any event within 120 days after the end of each fiscal year, consolidated statements of income and cash flows and a consolidated statement of changes in common equity of the Company and its subsidiaries for such year, and a consolidated balance sheet of the Company and its Subsidiaries as at the end of such year, setting forth in each case in comparative form corresponding consolidated figures from the preceding annual audit, all in reasonable detail and satisfactory in form to the Required Holder(s) and, as to the consolidated statements, reported on by independent public accountants of recognized national standing selected by the Company whose report shall be without limitation as to the scope of the audit and satisfactory in substance to the Required Holder(s)); provided, that the Company shall be deemed to have made such delivery of the financial statements described above if it shall have timely made Electronic Delivery thereof or delivered such financial statements to each Significant Holder in a manner that has been approved by such Significant Holder;

(iii) promptly, and in any event within 30 days, upon transmission thereof, copies of all such financial statements, proxy statements, notices and reports as it shall send to its public stockholders and copies of all registration statements (without exhibits) and all reports pursuant to the Securities Exchange Act of 1934 (other than Forms 3, 4 and 5 or similar forms) which it files with the Securities and Exchange Commission (or any governmental body or agency succeeding to the functions of the Securities and Exchange commission); provided, that the Company shall be deemed to have made such delivery of the items described above if it shall have timely made Electronic Delivery thereof or delivered such items to each Significant Holder in a manner that has been approved by such Significant Holder;

(iv) promptly upon receipt thereof, a copy of each other report on examination submitted to the Company or any Significant Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any Significant Subsidiary; and

(v) with reasonable promptness, such other financial data as such Significant Holder may reasonably request.

Together with each delivery of financial statements required by clauses (i) and (ii) above, the Company will deliver to each Significant Holder an Officer's Certificate stating that there exists no failure by the Company to perform or comply with any of its obligations hereunder, or, if any such failure exists, specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto (which, in the case of Electronic Delivery of any such financial statements, shall be by separate prompt delivery of such Officer's Certificate to each Significant Holder). The Company also covenants that immediately after any Responsible Officer of the Company obtains knowledge of any such failure, it will deliver to each Significant Holder an Officer's Certificate specifying the nature and period of existence thereof and what action the Company proposes to take with respect thereto.

2B. Inspection of Property; Books and Records. The Company covenants that it will permit any Person designated by any Significant Holder in writing, at such Significant Holder's expense, to visit and inspect any of the properties of the Company and its Subsidiaries, to examine the corporate books and financial records of the Company and its Subsidiaries and make copies thereof or extracts therefrom and to discuss the affairs, finances and accounts of any of such corporations with the principal officers of the Company and its independent public accountants, all at such reasonable times and as often as such Significant Holder may reasonably request. The Company covenants that it will, and will cause each of its Subsidiaries to keep separate and proper books of records and accounts, in which full and correct entries shall be made of all transactions including any transactions between the Company and any of its Subsidiaries and Affiliates, all in accordance with generally accepted accounting principles.

2C. Conduct of Business: Maintenance of Existence; Compliance with Laws; Payment of Taxes. The Company covenants that it shall (i) continue to engage principally in the businesses in which it is presently engaged, except the Company may transfer all its natural gas distribution business to a corporation provided that such corporation is a wholly-owned Subsidiary of SCANA and Affiliate of the Company (such corporation is hereinafter referred to as the "**Gas Corporation**"), (ii) preserve, renew and keep in full force and effect its corporate existence and its rights, licenses, privileges and franchises necessary or desirable in the normal conduct of its business, (iii) comply in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of governmental authorities (including, without limitation, Environmental Laws and ERISA and the rules and regulations thereunder), (iv) maintain all of its property in good repair, working order and condition (other than property that, if not in good repair, working order or condition, would not adversely affect the business, condition (financial or otherwise) or operations of the Company) and (v) pay and discharge or cause to be discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or upon any of its property, real, personal or mixed, or upon any part thereof, when due, as well as all lawful claims for labor, materials and supplies which, if unpaid, might by law become a Lien upon its property, provided, however, that neither the Company nor any Subsidiary of the Company shall be required to pay any such tax, assessment, charge, levy or claim if the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, and if such reserve or other appropriate provision, if any, as the Company or such Subsidiary shall deem adequate (but in no

event shall such reserve or provision be in an amount less than such amount as shall be required by generally accepted accounting principles) shall have been made therefor.

2D. Maintenance of Insurance. The Company covenants that it shall, and shall cause each of its Subsidiaries to, (i) maintain insurance in such amounts and with such deductibles and against such liabilities and hazards as customarily is maintained by other companies operating similar businesses, and (ii) upon a request by any holder of a Note, deliver to such holder a certificate of the insurer or the Company's independent insurance agent summarizing the details of such insurance in effect and stating the term of such insurance.

2E. Performance of Obligations; No Amendment of Documents. The Company covenants that it shall not directly or indirectly (i) fail to perform any obligation under the Sales Agreement or the Operating Agreement or (ii) enter into or consent to, or suffer to occur, any amendment, modification, waiver or termination of the Sales Agreement or the Operating Agreement.

2F. Payments Under the Sales Agreement. The Company covenants that it shall not directly or indirectly pay any amount under the Sales Agreement more than 30 days prior to the date such amounts are due under the Sales Agreement. Upon the occurrence of an Event of Default and during the continuance thereof, the Company shall pay directly to the Collateral Agent (as defined in the Security Agreement) all payments required to be made to GENCO under the Sales Agreement. The Collateral Agent may hold and apply such payments so received as it deems appropriate in its sole discretion.

2G. Merger and Sale of Assets. The Company covenants that it shall not directly or indirectly merge or consolidate with any other corporation, sell, lease, transfer or otherwise dispose of all or substantially all of its assets to any Person, except that the Company may merge or consolidate with, or sell, lease, transfer or otherwise dispose of all or substantially all of its assets to, any other corporation, provided that the corporation formed by any such consolidation or into which the Company shall have been merged, or to which all or substantially all of the Company's assets are transferred, assumes unconditionally in writing (which writing shall be satisfactory to the Required Holder(s)) the payment and performance of all obligations of the Company under the Credit Documents to which it is a party.

3. REPRESENTATIONS AND WARRANTIES. The Company represents and warrants on each Date of Closing as follows:

3A. Organization. The Company is a corporation duly organized and validly existing under the laws of the State of South Carolina and is duly qualified and authorized to transact business as a foreign corporation and is in good standing in every jurisdiction in which the nature of the business conducted by it or the ownership of its properties or assets makes such qualification necessary, except where the failure to be in good standing or to be so qualified or authorized would not have a material adverse effect on the business, condition (financial or otherwise) or operations of the Company. The Company has no Subsidiaries.

3B. Power and Authority. The Company has all requisite corporate power to conduct its business as currently conducted and as currently proposed to be conducted. The

Company has all requisite corporate power to execute, deliver and perform its obligations under each of the Transaction Documents to which it is a party. The execution, delivery and performance by the Company of each of the Transaction Documents to which it is a party have been duly authorized by all requisite corporate action on the part of the Company. The Company has duly executed and delivered each of the Transaction Documents to which it is a party, and each of the Transaction Documents to which it is a party constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

3C. Financial Statements. The Company has furnished Prudential with the following financial statements: (i) a consolidated balance sheet of the Company as at December 31 in each of the years 2005 to 2007, inclusive, and consolidated statements of income, cash flows and changes in common equity of the Company for each such year, all reported on by the Company's independent public accountants, (ii) a consolidated balance sheet of the Company as of March 31 in each of the years 2007 and 2008 and consolidated statements of income and cash flows for the three-month period ended on each such date, prepared by the Company and (iii) a balance sheet of the Company as at the end of the quarterly period (if any) most recently completed prior to the date as of which this representation is made or repeated to the Purchaser and after December 31, 2007 (other than quarterly periods completed within sixty (60) days prior to such date for which financial statements have not been released) and statements of income and cash flows for the periods from the beginning of the fiscal year in which such quarterly periods are included to the end of such quarterly periods, prepared by the Company. Such financial statements (including any related schedules and/or notes) are true and correct in all material respects (subject, as to interim statements, to changes resulting from audits and year-end adjustments), have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods involved (except as otherwise expressly set forth therein) and show all liabilities, direct and contingent, of the Company required to be shown in accordance with such principles. Except as set forth in Schedule 8C of the Note Agreement, the balance sheets fairly present the condition of the Company as at the dates thereof, and the statements of income and cash flows fairly present the results of the operations of the Company and its cash flows for the periods indicated. There has been no material adverse change in the business, condition (financial or otherwise) or operations of the Company since March 31, 2008.

3D. Actions Pending. Except as disclosed in the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008 or in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, copies of which have been delivered to Prudential, there is no action, suit, investigation or proceeding pending or, to the knowledge of the Company, threatened against the Company, or any properties or rights of the Company, by or before any court, arbitrator or administrative or governmental body which might result in any material adverse change in the business, condition (financial or otherwise) or operations of the Company or in the ability of the Company to perform under the Credit Documents to which it is a party.

3E. Outstanding Debt. The Company does not have outstanding any material Debt except (i) as disclosed in the financial statements referred to in paragraph 3C hereof and (ii) with respect to the making of this representation on the Series 2008-B Date of Closing, as disclosed in (a) the financial statements referred to in paragraph 3C hereof or (b) writing to the Purchaser prior to such Date of Closing. There exists no default (nor any event which with the

passage of time, the giving of notice or both would constitute a default) and, after giving effect to the transactions contemplated by the Transaction Documents to which it is a party, there will exist no default (or event which with the passage of time, the giving of notice or both would constitute a default) under the provisions of any instrument evidencing any Debt of the Company or of any agreement relating thereto.

3F. Title to Properties. Except as set forth on Schedule 8C of the Note Agreement, the Company has good and indefeasible title to, or leasehold interest in, its respective real properties, including without limitation the properties and assets reflected in the balance sheet as of March 31, 2008 referred to in paragraph 3C (other than properties and assets disposed of in the ordinary course of business), subject to defects in title as are not material in the aggregate and do not materially interfere with the conduct of the businesses of the Company. All leases necessary for the conduct of the respective businesses of the Company are valid and subsisting and are in full force and effect, except to the extent not material to the conduct of such businesses.

3G. Taxes. The Company has filed all federal, state and other income tax returns which, to the knowledge of the officers of the Company, are required to be filed, and has paid all taxes as shown on such returns and on all assessments received by it to the extent that such taxes have become due, except such taxes as are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles.

3H. Conflicting Agreements and Other Matters. The Company is not a party to any contract or agreement or subject to any charter or other corporate restriction which materially and adversely affects its business, property or assets, or financial condition. Neither the execution nor delivery of this Agreement or any other Credit Document to which it is a party nor fulfillment of nor compliance with the terms and provisions hereof, or of any other Credit Document to which it is a party will conflict with, or result in a breach of the terms, conditions or provisions of, or constitute a default under, or result in any violation of, or result in the creation of any Lien upon any of the properties or assets of the Company pursuant to, the charter or by-laws of the Company, any award of any arbitrator or any agreement (including any agreement with stockholders), instrument, order, judgment, decree, statute, law, rule or regulation to which the company is subject.

3I. ERISA. As of December 31, 2007, no accumulated funding deficiency (as defined in section 302 of ERISA and section 412 of the Code), whether or not waived, existed with respect to any Plan (other than a Multiemployer Plan). As of the Date of Closing, the minimum funding standards of Section 302 of ERISA and Section 412 of the Code have been satisfied with respect to any Plan (other than a Multiemployer Plan). No liability to the Pension Benefit Guaranty Corporation has been or is expected by the Company or any ERISA Affiliate to be incurred with respect to any Plan (other than a Multiemployer Plan) by the Company, or any ERISA Affiliate which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company. Neither the Company nor any ERISA Affiliate has incurred or presently expects to incur any withdrawal liability under Title IV of ERISA with respect to any Multiemployer Plan which is or would be materially adverse to the business, condition (financial or otherwise) or operations of the Company.

3J. Governmental and Other Third Party Consents. Neither the nature of the Company, nor any of its respective businesses or properties, nor any relationship between the Company and any other Person, is such as to require any authorization, consent, approval, exemption or other action by or notice to or filing with any court or administrative or governmental body (other than routine filings after the date of closing with the Securities and Exchange Commission and/or state Blue Sky authorities) or any other Person in connection with the execution and delivery of this Agreement or any other Credit Document to which it is a party, or fulfillment of or compliance with the terms and provisions hereof or of any other Credit Document to which it is a party, other than the following orders that have been obtained, are in full force and effect, and for which the time to appeal therefrom has expired, except with respect to Order No. 2008-385 of the SCPSC dated May 20, 2008 in Docket No. 2008-161-E, the time for which appeal expires on May 30, 2008, and no appeal of, or petition to rehear, such Order has been filed, (i) Order No. 2008-385 of the SCPSC dated May 20, 2008 in Docket No. 2008-161-E, (ii) SCPSC Order No. 2003-740, dated December 22, 2003, Docket No. 2003-355-E, (iii) SCPSC Order No. 2004-392, dated October 11, 2004, Docket No. 2003-355-E, (iv) SCPSC Order No. E-1, 063, dated April 29, 1970, Docket No. 14-996, (v) the Order of the SCPSC dated July 29, 1992 in Docket No. 92-391-E, (vi) the Order of the SCPSC dated November 27, 1984 in Docket No. 84-388-E, (vii) the Order of the SCPSC dated January 22, 1986 in Docket No. 86-31-E, (viii) the Order of the FERC issued December 28, 1984 in South Carolina Electric & Gas Company, 29 FERC ¶ 61,350, (ix) the Order of the FERC issued February 20, 1986 in South Carolina Generating Company, Inc., 34 FERC ¶ 63,074, (x) the Order of the FERC issued July 31, 1987 in South Carolina Generating Company, Inc., 40 FERC ¶ 61,116, (xi) the Order of the FERC issued May 4, 1988 in South Carolina Generating Company, Inc., 43 FERC ¶ 61,217, and (xii) the Order of the FERC issued July 5, 1988 in South Carolina Generating Company, Inc., 44 FERC ¶ 61,008.

3K. Compliance With Laws. Except to the extent disclosed on SCANA's (i) Annual Report on Form 10-K for its fiscal year ended December 31, 2007 and (ii) Quarterly Report on Form 10-Q for its fiscal quarter ended March 31, 2008 (none of which the Company believes will result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company, or on the ability of the Company to perform under the Credit Documents to which it is a party):

(a) The Company is in compliance in all respects with all applicable laws and regulations, including, without limitation, those relating to equal employment opportunity, employee safety, consumer protection and the environment, except where the failure to do so could not, whether considered individually or in the aggregate, result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company, or on the ability of the Company to perform under the Credit Documents to which it is a party.

(b) Without limiting the foregoing clause (a), the Company and all of its properties and facilities have complied at all times and in all respects with all Environmental Laws except, in any such case, where failure to comply would not reasonably be expected to result in a material adverse effect on the business, condition (financial or otherwise) or operations of the Company.

3L. **Disclosure.** Neither this Agreement nor any other document, certificate or statement furnished to Prudential by or on behalf of the Company in connection herewith (including, without limitation, the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2008 and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading. There is no fact peculiar to the Company which materially adversely affects or in the future may (so far as the Company can now foresee) materially adversely affect the business, property or assets, or financial condition of the Company or the ability of the Company to perform under the Credit Documents to which it is a party and which has not been set forth in this Agreement or in the other documents, certificates and statements furnished to Prudential by or on behalf of the Company prior to the date hereof in connection with the transactions contemplated by the Transaction Documents.

3M. **Permits and Other Operating Rights.** The Company has all such valid and sufficient franchises, licenses, permits, operating rights, certificates of convenience and necessity, other authorizations from Federal, state, regional, municipal and other local regulatory bodies or administrative agencies or other governmental bodies having jurisdiction over the Company or any of the Company's properties, easements and rights-of-way as are necessary for the ownership, operation and maintenance of its business and properties, subject to minor exceptions and deficiencies which do not materially affect its business and operations considered as a whole, any material part thereof or the ability of the Company to perform under the Credit Documents to which it is a party, and such franchises, licenses, permits, operating rights, certificates of convenience and necessity, other authorizations from Federal, state, regional, municipal and other local regulatory bodies or administrative agencies or other governmental bodies having jurisdiction over the Company or any of the Company's properties, easements and rights-of-way are free from burdensome restrictions or conditions of an unusual character in the utility business or restrictions or conditions materially adverse to the business or operations of the Company, or the ability of the Company to perform under the credit Documents to which it is a party and the Company is not in violation thereof in any material respect.

3N. **Sales Agreement and Operating Agreement.** The copies of the Sales Agreement and Operating Agreement delivered to Prudential by GENCO are true, correct and complete copies thereof, and neither has been amended or otherwise modified nor have there been any waivers with respect thereto. Each of the Sales Agreement and Operating Agreement has been duly authorized, executed and delivered by, and are the legal, valid and binding obligations of, each party thereto, and are in full force and effect. No party to either of the Sales Agreement or the Operating Agreement is in default thereunder, nor is there any claim of such default. The Company has not prepaid any amount under the Sales Agreement for any future month.

4. **MISCELLANEOUS.**

4A. **Consent to Amendments.** This Agreement may be amended, and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if the Company shall obtain the written consent to such amendment, action or omission to act, of the Required Holder(s). No course of dealing between the Company and the

holder of any Note nor any delay in exercising any rights hereunder or under any Note shall operate as a waiver of any rights of any holder of such Note. As used herein, the term “this Agreement” and references thereto shall mean this Agreement as it may from time to time be amended or supplemented.

4B. Survival of Representations and Warranties; Entire Agreement. All representations and warranties contained herein or made in writing by or on behalf of the Company in connection herewith shall survive the execution and delivery of this Agreement, the transfer by the Purchaser of any Note or portion thereof or interest therein and the payment of any Note, and may be relied upon by any Transferee, regardless of any investigation made at any time by or on behalf the Purchaser or any Transferee. Subject to the preceding sentence, this Agreement embodies the entire agreement and understanding between the Purchaser and the Company and supersede all prior agreements and understandings relating to the subject matter hereof.

4C. Successors and Assigns. All covenants and other agreements in this Agreement contained by or on behalf of the Company shall bind and inure to the benefit of the respective successors and assigns of the parties hereto (including, without limitation, any Transferee) whether so expressed or not.

4D. Confidential Information. For the purposes of this paragraph 11I, “Confidential Information” means information delivered to the Purchaser by or on behalf of the Company in connection with the transactions contemplated by or otherwise pursuant to the Note Agreement that is proprietary in nature and that was clearly marked or labeled or otherwise adequately identified when received by the Purchaser as being confidential information of the Company, provided that such term does not include information that (a) was publicly known or otherwise known to the Purchaser prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by the Purchaser or any person acting on the Purchaser’s behalf, (c) otherwise becomes known to the Purchaser other than through disclosure by the Company or (d) constitutes financial statements delivered to the Purchaser under paragraph 2A that are otherwise publicly available. The Purchaser will maintain the confidentiality of such Confidential Information in accordance with procedures adopted by the Purchaser in good faith to protect confidential information of third parties delivered to the Purchaser, provided that the Purchaser may deliver or disclose Confidential Information to (i) its directors, officers, employees, agents, attorneys, trustees and affiliates (to the extent such disclosure reasonably relates to the administration of the investment represented by its Notes), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this paragraph 4D, (iii) any other holder of any Note, (iv) any Person to which it sells or offers to sell such Note or any part thereof or any participation therein (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 4D), (v) any Person from which it offers to purchase any security of the Company (if such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this paragraph 4D), (vi) any federal or state regulatory authority having jurisdiction over the Purchaser, (vii) the National Association of Insurance Commissioners or the SVO or, in each case, any similar organization, or any nationally recognized rating agency that requires access to information about the Purchaser’s investment portfolio, or (viii) any other Person to which such

delivery or disclosure may be necessary or appropriate (w) to effect compliance with any law, rule, regulation or order applicable to the Purchaser (provided that, if not prohibited by applicable law, such holder will use commercially reasonable efforts to give notice to the Company thereof prior to such disclosure), (x) in response to any subpoena or other legal process (provided that, if not prohibited by applicable law, such holder will use commercially reasonable efforts to give notice to the undersigned thereof prior to such disclosure), (y) in connection with any litigation to which the Purchaser is a party (provided that, if not prohibited by applicable law and neither the Company nor any of its Affiliates are involved in such litigation, such holder will use commercially reasonable efforts to give notice to the Company thereof prior to such disclosure) or (z) if an Event of Default has occurred and is continuing, to the extent the Purchaser may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under the Purchaser's Notes and the Note Agreement. Each holder of a Note, by its acceptance of a Note, will be deemed to have agreed to be bound by and to be entitled to the benefits of this paragraph 4D as though it were a party to this Agreement.

4E. Notices. All written communications provided for hereunder shall be sent by first class mail or nationwide overnight delivery service (with charges prepaid) and (i) if to the Purchaser, addressed to the Purchaser at the address specified for such communications in the Purchaser Schedule attached to the Note Agreement, or at such other address as the Purchaser shall have specified to the Company in writing, (ii) if to any other holder of any Note, addressed to such other holder at such address as such other holder shall have specified to the Company in writing or, if any such other holder shall not have so specified an address to the Company, then addressed to such other holder in care of the last holder of such Note which shall have so specified an address to the Company, and (iii) if to the Company, addressed to it at 1426 Main Street, Columbia, South Carolina 29201, Attention: Corporate Treasurer with a copy to the Corporate Secretary, or at such other address as the Company shall have specified to the holder of each Note in writing; provided, however, that any such communication to the Company may also, at the option of the holder of any Note, be delivered by any other means either to the Company at its address specified above or to any officer of the Company. Any such communications which satisfy the foregoing provisions of this paragraph 4E shall be deemed to have been given for purposes hereof when actually received, or on the 5th Business Day after deposit in the United States mail in the case of communication by first class mail, or, on the 1st Business Day after deposit with a nationwide overnight delivery service in the case of communication by nationwide overnight delivery service.

4F. Satisfaction Requirement. If any agreement, certificate or other writing, or any action taken or to be taken, is by the terms of this Agreement or any other Transaction Document required to be satisfactory to the Purchaser or to the Required Holder(s), the determination of such satisfaction shall be made by the Purchaser or the Required Holder(s), as the case may be, in the sole and exclusive judgment (exercised in good faith) of the Person or Persons making such determination.

4G. Governing Law; Consent to Jurisdiction. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York. Any legal action or proceeding with respect to this Agreement may be brought in the courts of the state of New York or any court of the United States of

America located in the state of New York, and, by execution and delivery of this Agreement the Company accepts for itself, generally and unconditionally, the jurisdiction of the above-mentioned court and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or later have based on venue or forum non conveniens with respect to any action instituted therein.

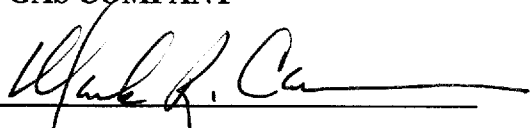
4H. **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

4I. **Descriptive Headings.** The descriptive headings of the several paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

4J. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument.


[signature pages follow]

**SOUTH CAROLINA ELECTRIC
& GAS COMPANY**

By: 
Title: Treasurer

The foregoing Inducement Agreement is hereby
accepted as of the date first above written

**THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA**

By: 
Vice President

WHLB